



1850 M Street, N.W., 11th Floor
Washington, D.C. 20036
Telephone: (202) 828-7453

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Jay C. Keithley
Vice President
Law and External Affairs
United Telephone Companies

December 21, 1992

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: In the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs
CC Docket No. 92-222

Dear Ms. Searcy,

Attached are the original and five copies of the Reply Comments of the United Telephone Companies in the proceeding referenced above.

Sincerely,

Jay C. Keithley / by MLM

Jay C. Keithley
Vice President
Law and External Affairs

Attachments

JCK/mlm

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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DEC 21 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Amendment of the Part 69) CC Docket No. 92-222
Allocation of General Support)
Facility Costs)

REPLY COMMENTS OF THE
UNITED TELEPHONE COMPANIES

The United Telephone companies ("United") hereby reply to the Comments filed December 4, 1992 in response to the Commission's October 19, 1992 Notice of Proposed Rulemaking ("NPRM") in the above referenced proceeding.

In its Comments, United supported the Commission's proposal to revise its Part 69 rules to eliminate the over-allocation of General Support Facilities ("GSF") costs to special access. United conditioned its support upon Commission treatment of the GSF cost reallocation as an exogenous change under Section 61.45(d) of its price cap rules.¹

With one exception, all commenting parties likewise supported the Commission's proposed Part 69 rule change. Further,

1. 47 C.F.R. § 61.45(d).

most commenters agreed with United that exogenous treatment should be granted.²

The lone dissenting voice was that of the Public Service Commission of the District of Columbia ("DCPSC"). It stated that the proposed rule change would result in an increased subscriber line charge ("SLC"), thereby harming District of Columbia rate-payers.³ Accordingly, DCPSC recommended the adoption of a contribution rate element on special access rates to recover the costs of GSF from special access customers and carriers.

A contribution charge is not the answer.⁴ As United and numerous parties pointed out, a contribution charge is not con-

2. See, e.g., MFS at 6, NYNEX at 2-3, Rochester at 7-8, and AT&T at 4-8 (While AT&T does not specifically address exogenous treatment, AT&T states at 7: "... the Commission should adhere to its policy of cost-based access charges and revise Section 69.307 rather than establish a non-cost-based "contribution element." As noted in United's Comments, revision of Section 69.307 will not result in cost-based access charges for price cap LECs unless exogenous treatment is granted.

3. The DCPSC notes that telephone penetration in the District of Columbia has dropped from a March 1983 level of 96.1% to a March 1992 level of 90.3%. DCPSC attributes this decrease to FCC rule changes and suggests that the current proposed rule change would further increase rates and decrease penetration. United is not necessarily convinced of the "direct correlation" between FCC rule changes and the decreased penetration. Indeed, just the opposite conclusion may be reached. AT&T notes telephone penetration in the United States, as a whole, has increased from 91.8% in mid-1985 (introduction of the residential SLC) to 93.9% in March 1992.

4. As noted in United's Comments, a contribution charge should only be imposed as a last resort if the Commission determines not to grant exogenous treatment for the reallocation of GSF costs caused by the proposed Part 69 rule change.

sistent with the Commission's goal of increasing competition in the special access arena and, in fact, would thwart achievement of that goal. In this regard United agrees with Ameritech's comments that:

Such a contribution charge would only have resulted in the continuation of burdening LEC special access services (even LEC special access "loops") with costs that are more properly attributable to the common line category. Specifically, it would still constitute an "incentive" to complete avoidance of LEC facilities for special access services. In a competitive environment, it is extremely important that services are burdened only with those costs that are economically attributable to those services.⁵

United's opposition to the DCPSC's position does not mean that United is unconcerned about the effect the proposed rule change may have on the SLC. Many commenting parties expressed concern and confusion as to which rate elements should be increased or decreased to accommodate the recovery of access costs in the competitive access arena the Commission is fostering. United shares these concerns and questions.

Indeed, SWBT suggested that the Commission undertake a comprehensive review of access "to address all Public Policy concerns, including recovery of GSF costs addressed in this proceeding."⁶ United agrees with and supports SWBT's call for a review of access to address public policy concerns, but the review should not be a part of this proceeding. Such a review

5. Ameritech at 2-3.

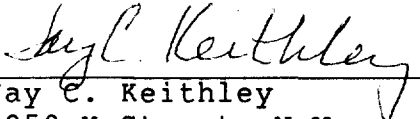
6. SWBT at 9.

should not impede the important first step that the Commission is herein making toward the goal of ensuring that "services are burdened only with those costs that are economically attributable to those services."⁷

In conclusion, United supports the Commission's proposed Part 69 rule change to eliminate the over-allocation of GSF costs to special access, provided the resulting GSF cost reallocation is treated as an exogenous change. While access should receive a comprehensive review in the increasingly competitive market being created, such review is beyond the scope of this proceeding and should not impede or deter the Commission's implementation of the proposed rule change.

Respectfully submitted,

UNITED TELEPHONE COMPANIES

By 
Jay C. Keithley
1850 M Street, N.W.
Suite 1100
Washington, DC 20036
(202) 857-1030

Craig T. Smith
P.O. Box 11315
Kansas City, MO 64112
(913) 624-3065

December 21, 1992

7. Ameritech at 2-3.

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 21st day of December, 1992, sent via hand delivery or U.S. First Class Mail, postage prepaid, a copy of the foregoing "Reply Comments of the United Telephone Companies" in the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.



Melinda L. Mills

Paul J. Berman
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Post Office Box 7566
Washington, D.C. 20044
Attorney for Puerto Rico
Telephone Co.

Lisa M. Zaina
General Counsel
OPASTCO
21 Dupont Circle, N.W.
Suite 700
Washington, D.C. 20036

Margot Smiley Humphrey
Koteen & Naftalin
1150 Connecticut Avenue
Washington, D.C. 20036
Attorney for TDS
Telecommunications Corp.

David Cosson
L. Marie Guillory
National Telephone Coop. Assoc.
2626 Pennsylvania Avenue, N.W.
Washington, D.C. 20037

E. William Kobernusz
Vice President, Regulatory
Southern New England Telephone Co.
227 Church Street
New Haven, CT 06510-1806

Stuart Dolgin
Asst. General Counsel
Personal Communications Network
Services of N.Y., Inc., d/b/a PCN-One
of N.Y., & PCNS-One of N.Y.
17 Battery Place, Suite 1200
New York, NY 10004-1256

Robert A. Mazer
Nixon, Hargrave, Devans & Doyle
One Thomas Circle, N.W.
Suite 800
Washington, D.C. 20005
Attorney for the Lincoln
Telephone and Telegraph Co.

Martin T. McCue
Vice President & General Counsel
U.S. Telephone Association
900 19th Street, N.W.
Suite 800
Washington, D.C. 20006-2105

William D. Baskett III
Thomas E. Taylor
David S. Bense
Frost & Jacobs
2500 Central Trust Center
201 E. Fifth Street
Cincinnati, OH 45202
Attorneys for Cincinnati Bell
Telephone Co.

Carol F. Sulkes
Vice President, Regulatory Policy
Central Telephone Company
8745 Higgins Road
Chicago, IL 60631

Theodore D. Frank
Vonya B. McCann
Arent, Fox, Kintner, Plotkin & Kahn
1050 Connecticut Ave., N.W.
Washington, D.C. 20036-5339
Attorneys for Central Telephone Co.

Joseph W. Miller
Williams Telecommunications Group, Inc.
Suite 3600
P.O. Box 2400
One Williams Center
Tulsa, OK 74102

Josephine S. Trubek
Michael J. Shorley, III
Rochester Telephone Corp.
180 South Clinton Avenue
Rochester, NY 14646

William E. Taylor
National Economic Research
Associates, Inc.
One Main Street
Cambridge, MA 02142

John C. Shapleigh
President & General Counsel
Association for Local
Telecommunications Services
Suite 1050
1150 Connecticut Avenue, N.W.
Washington, D.C. 20036

Andrew D. Lipman
Richard M. Rindler
Swidler & Berlin, Chartered
3000 K Street, N.W.
Washington, D.C. 20007
Attorneys for Indiana Digital
Access, Inc.

Richard A. Askoff
National Exchange Carrier
Association, Inc.
100 South Jefferson Road
Whippany, NJ 07981

Peter A. Rohrbach
Karis A. Hastings
Hogan & Hartson
555 13th Street, N.W.
Washington, D.C. 20004
Attorneys for Williams
Telecommunications Group, Inc.

Robert C. Atkinson
J. Scott Bonney
Alex J. Harris
Teleport Communications Group
One Teleport Drive
Suite 301
Staten Island, NY 10311

Andrew D. Lipman
Russell M. Blau
Swidler & Berlin, Chartered
3000 K Street, N.W.
Washington, D.C. 20007
Attorneys for Metropolitan
Fiber Systems, Inc.

Robert L. Hoegle
Timothy J. Fitzgibbon
Olwine, Connelly, Chase,
O'Donnell & Weyher
1701 Pennsylvania Ave., N.W
Suite 1000
Washington, D.C. 20006
Attorneys for Digital Direct, Inc.

Michael L. Glaser
Thomas F. Dixon
Holme, Roberts & Owen
1700 Lincoln, Suite 4100
Denver, CO 80203
Attorneys for Teleport Denver, Ltd.

Joseph C. Harkins, Jr.
Chairman
Penn Access Corporation
Centre City Tower
650 Smithfield Street
Pittsburgh, PA 15222-3907

Jeffrey J. Milton
President
Institutional Communications Co.
2000 Corporate Ridge
McLean, VA 22102

Peter A. Rohrbach
Karis A. Hastings
555 13th Street, N.W.
Columbia Square
Washington, D.C. 20004-1109
Attorneys for Williams Tele-
communications Group, Inc.

Francine J. Berry
David P. Condit
Mark C. Rosenblum
Peter H. Jacoby
Am. Telephone & Telegraph Co.
295 North Maple Ave.
Room 3244J1
Basking Ridge, NJ 07920

Martin E. Freidel
Vice President
Mid American Communications Corp.
7100 W. Center Road, Suite 300
Omaha, NE 68106-2723

Robert C. MacKichan, Jr.
Vincent L. Crivella
Michael J. Ettner
General Services Administration
18th & F Streets, N.W.
Room 4002
Washington, D.C. 20405

Daniel O. Coy
President, CEO
Metrocomm Fiber Optic Network
50 West Broad Street
Columbus, OH 43215

Eric Fishman
Sullivan & Worcester
1025 Connecticut Ave., N.W.
Washington, D.C. 20036
Attorney for RCI Long Distance
of New England, Inc., d/b/a
Long Distance North

Joe D. Edge
Hopkins & Sutter
888 16th Street, N.W.
Washington, D.C. 20006
Attorney for General
Communication, Inc.

Roy L. Morris
Deputy General Counsel
Allnet Communication Services, Inc.
1990 M Street, N.W.
Suite 500
Washington, D.C. 20036

Paul Rodgers
Charles D. Gray
James Bradford Ramsay
National Association of
Regulatory Utility Commissioners
1102 ICC Building
Post Office Box 684
Washington, D.C. 20044

Daryl L. Avery
Peter G. Wolfe
Public Service Commission of
the District of Columbia
450 Fifth Street, N.W.
Washington, D.C. 20001

John P. Kelliher
Solicitor
Illinois Commerce Commission
180 North LaSalle Street
Suite 810
Chicago, IL 60601

William E. Wyrrough, Jr.
Associate General Counsel
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

William J. Cowan
Diane Dean
New York State Department
of Public Service
Three Empire State Plaza
Albany, NY 12223

Irwin A. Popowsky
Philip F. McClelland
Pennsylvania Office of
Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Herbert E. Marks
David Alan Nall
Squire, Sanders & Dempsey
1201 Pennsylvania Ave., N.W.
P.O. Box 407
Washington, D.C. 20044
Attorneys for The Independent Data
Communications Manufacturers Assoc, Inc.

Thomas J. Casey
Ronald W. Gavillet
James M. Fink
Skadden, Arps, Slate,
Meagher & Flom
1440 New York Ave., N.W.
Washington, D.C. 20005
Attorneys for FMR Corp.

Edward C. Addison, Director
Division of Communications
Virginia State Corporation
Commission Staff
P.O. Box 1197
Richmond, VA 23209

Mark S. Hayward
Barry Pineles
Office of Advocacy
United States Small Business
Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Shirley S. Fujimoto
Christine M. Gill
Brian T. Ashby
Keller and Heckman
1150 17th Street, N.W.
Suite 1000
Washington, D.C. 20036
Attorneys for Wells Rural
Electric Co.

W. Terry Maguire
Claudia M. James
American Newspaper Publishers Assoc.
Dulles Airport
P.O. Box 17407
Washington, D.C. 20004

James S. Blaszak
Charles C. Hunter
Gardner, Carton & Douglas
1301 K Street, N.W.
Suite 900 -- East Tower
Washington, D.C. 20005
Attorneys for Ad Hoc Telecommunications
Users Committee

Peter Arth, Jr.
Edward W. O'Neill
Irene K. Moosen
505 Van Ness Avenue
San Francisco, CA 94102
Attorneys for the People of the
State of California and the
Public Utilities Commission of
the State of California

Robin Pischel Ancona
Marilyn Moore
Michigan Public Service
Commission Staff
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Brian R. Moir
Larry A. Blosser
Fisher, Wayland, Cooper
& Leader
1255 23rd Street, N.W.
Suite 800
Washington, D.C. 20037-1170
Attorneys for International
Communications Association

Debra L. Lagapa
Ellen G. Block
Cathleen A. Massey
Morrison & Foerster
2000 Pennsylvania Ave., N.W., Suite 5500
Washington, D.C. 20006
Attorneys for the California Bankers
Clearing House Assoc. & the N.Y. Clearing
House Assoc.

Peter A. Casciato, Esq.
A Professional Corporation
1500 Sansome Street
Suite 201
San Francisco, CA 94111
Attorney for Cellular Service, Inc.

Compuserve Incorporated
5000 Arlington Centre Blvd.
P.O. Box 20212
Columbus, OH 43220

Wayne V. Black
C. Douglas Jarrett
Keller and Heckman
1150 17th Street, N.W.
Suite 1000
Washington, D.C. 20036
Attorneys for the American Petroleum Inst.

Richard E. Wiley
Michael Yourshaw
William B. Baker
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006
Attorneys for Newspaper Assoc.
of America

John F. Sturm
Senior Vice President
Government, Legal and Policy
Newspaper Assoc. of America
11600 Sunrise Valley Drive
Reston, VA 22091

William Page Montgomery
Economics and Technology, Inc.
One Washington Mall
Boston, MA 02108-2603
Economic Consultant for the Ad Hoc
Telecommunications User Committee

Lewis J. Paper
Keck, Mahin & Cate
1201 New York Avenue, N.W.
Washington, D.C. 20005-3919
Attorney for Cellular Service, Inc.

Randolph J. May
Richard S. Whitt
Sutherland, Asbill & Brennan
1275 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Attorneys for Compuserve, Inc.

John B. Lynn
EDS Corporation
1331 Pennsylvania Avenue, N.W.
North Office Tower, Suite 1331
Washington, D.C. 20004

Angela Burnett
Staff Counsel
Information Industry Association
555 New Jersey Ave., N.W.
Suite 800
Washington, D.C. 20001

Jeffrey L. Sheldon
Mara J. Pastorkovich
Utilities Telecommunications Council
1620 Eye Street, N.W.
Suite 515
Washington, D.C. 20006

Stanley J. Moore
1275 Pennsylvania Ave., N.W.
Washington, D.C. 20004
Attorney for Pacific Bell
and Nevada Bell

James E. Taylor
Durward D. Dupre
Richard C. Hartgrove
Michael J. Zpevak
Southwestern Bell Telephone Co.
1010 Pine Street, Room 2114
St. Louis, MO 63101

Robert J. Aamoth
Michael R. Wack
Reed, Smith, Shaw & McClay
1200 18th Street, N.W.
Washington, D.C. 20036
Attorneys for Competitive
Telecommunications Association

Floyd S. Keene
Brian R. Gilomen
Mark R. Ortliev
2000 West Ameritech Center Dr.
Hoffman Estates, IL 60196-1025
Attorneys for the Ameritech
Operating Companies

Lawrence E. Sarjeant
Kathryn Marie Krause
James T. Hannon
1020 19th Street, N.W.
Suite 700
Washington, D.C. 20036
Attorneys for U.S. West
Communications, Inc.

James P. Tuthill
Jeffrey B. Thomas
140 New Montgomery Street
Room 1522-A
San Francisco, CA 94105
Attorneys for Pacific Bell
and Nevada Bell

William B. Barfield
Richard M. Sbaratta
The BellSouth Telephone Companies
1155 Peachtree Street, N.E.
Suite 1800
Atlanta, GA 30367-6000

Genevieve Morelli
Vice President & General Counsel
Competitive Telecommunications Assoc.
1140 Connecticut Avenue
Suite 220
Washington, D.C. 20002

James R. Young
John Thorne
Michael D. Lowe
Lawrence W. Katz
Michael E. Glover
The Bell Atlantic Telephone Cos.
1710 H Street, N.W.
Washington, D.C. 20006

Larry Blosser
Donald J. Elardo
MCI Telecommunications Corp.
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Ward W. Wueste, Jr. W11L14
Richard McKenna W11L21
GTE Service Corporation
P.O. Box 152092
Irving, TX 75015-2092

Gail L. Polivy
GTE Service Corporation
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036

Patrick A. Lee
Joseph DiBella
Edward E. Niehoff
New York Telephone Company
& New England Telephone &
Telegraph Company
120 Bloomingdale Road
White Plains, NY 10605

Andrew D. Lipman
Jonathan E. Canis
Swidler & Berlin, Chartered
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007
Attorneys for Local Area
Telecommunications, Inc.

Leon Kestenbaum*
Dick Juhnke
Sprint Corporation
1850 M Street, N.W.
11th Floor
Washington, D.C. 20036

Cheryl Tritt, Chief*
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

Melissa Newman*
Policy & Program Planning Div.
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Terry Haines*
Chief of Staff
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Jim Schlichting*
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Doug Slotten*
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Brian Fontes*
Senior Advisor
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, D.C. 20554

Kathleen Abernathy*
Legal Advisory
Federal Communications Commission
1919 M Street, N.W., Room 826
Washington, D.C. 20554

Linda Oliver*
Legal Advisor
Federal Communications Commission
1919 M Street, N.W., Room 832
Washington, D.C. 20554

Claudia Pabo*
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

Mardelon Kuchera*
Special Advisor
Federal Communications Commission
1919 M Street, N.W., Room 844
Washington, D.C. 20554

Downtown Copy Center*
1919 M Street, N.W., Room 246
Washington, D.C. 20554

Cynthia Work*
Federal Communications Commission
1919 M Street, N.W., Room 544
Washington, D.C. 20554

* indicates hand delivery